

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
SCOTTSDALE CENTER FOR THE ARTS (SCA)
LARGE CONFERENCE ROOM
7380 EAST 2ND STREET
SCOTTSDALE, ARIZONA 85251
JANUARY 15, 2013
REGULAR MEETING
APPROVED MINUTES**

PRESENT: Michael Hoffmann, Chairman
Kathleen Glenn, Vice Chairwoman
Ace Bailey, Commissioner
Tom Enders, Commissioner
Ren Hirose, Commissioner
Robert McCreary, Commissioner
David Scholefield, Commissioner

STAFF: Steve Geiogamah
Holli Shannon
Paul Katsenes
Jack Shafer
Madeline Clemann

GUESTS: Rachel Sacco, SCVB
Carolyn Stockel, SCVB
Winnie Stolper, Arizona Super Bowl Host Committee
Robin Rodgers, Civic Center Mall
Valerie LeBlanc, Places Consulting

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Hoffmann called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m. He welcomed Commissioners Hirose and McCreary to the TDC.

2. Approval of Minutes

- November 20, 2012 Meeting

COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 20, 2012 TOURISM DEVELOPMENT COMMISSION MEETING. COMMISSIONER SCHOLEFIELD SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Staff Liaison's Report

a. Staff Bed Tax Collection Report

Mr. Geiogamah reported on bed tax collections activity from November. The bed tax was down 14% for November, and down 13% in room sales tax. Miscellaneous retail sales tax was up 8%, while restaurant sales tax was 4%. The Tax Audit Department attributed the bed tax decline to two late payments that did not post until December. If those payments are taken into account, the bed tax was down 8% for November. The year to date (YTD) actuals, including the two late collections, is down 2%.

Commissioner Scholefield noted that a field hockey tournament was held at Reach 11 in November 2011, but not in 2012. Commissioner Hirose said NASCAR weekend was not as strong this year. The first two weeks of December were good, but the last two were soft. Commissioner McCreary said New Year's Day was strong, and corporate parties are beginning to make a comeback. Commissioner Bailey reported that trolley tours are fully booked through May.

b. Bed Tax Proforma

Mr. Geiogamah reviewed changes to the proforma. Event Retention and Development expense line has been updated to include events such as the 2013 Baseball Festival. The rest of the proforma was updated based on expenses for the month. It also reflects City Council's decision to allocate \$900,000 from the Tourism Special Fund Program to the Tournament Players Club and Stadium Course renovations.

c. Smith Travel Report

Mr. Geiogamah reported that market area occupancy YTD is up 1.5%. The Average Daily Rate (ADR) is flat, and Revpar is up 2%. For November, all three performance measurements were down. Transient occupancy YTD is up 2.9% through November, while group ADR is down 0.3%, and group Revpar is up 2.6%. Commissioner Hirose requested reports with daily segmentation to reflect differences between weekend and weekday business.

d. Program Updates

Ms. Clemann provided an update on the initial weeks of the 2012/2013 Hospitality Trolley season. Ridership data collected so far points to no certain conclusion. Each year of the trolley season started on a different day, making direct comparisons difficult. Barrett-Jackson generates a huge boost in ridership and seems to grow every year. Awareness of the route has increased each year, and some inquiries have come from out of state visitors. Advertising was not easy to get this year, and was very time consuming for staff. It might be easier to get more sponsors if the program were extended to restaurants and other venues.

Mr. Geiogamah reported that several event producers have expressed interest in promoting, and the SCVB has helped promote the trolley service. Commissioner Bailey suggested a change to clarify the trolley map. Ms. Clemann reviewed data on passenger boardings and deboardings at sponsoring stops.

Vice-Chairwoman Glenn inquired whether the trolley route changes every year based on the resorts that opt to sponsor it. Ms. Clemann responded that it does. The challenge is that the route cannot be set until the sponsors are secured. Vice-Chairwoman Glenn proposed offering discounts to resorts that sign onto a long-term commitment. Chairman Hoffmann agreed. Since the trolley enjoys limited support from City Council, it would help to understand the trolley's value to the tourism community. The trolley's impact on traffic and parking should also be factored in. Ms. Clemann noted that the Arizona Republic is preparing a story on tourism in Scottsdale, which will touch upon the measures the City is taking to address traffic congestion and parking.

Ms. Sacco expressed the hotel community's concern that they are being asked to solve Scottsdale's transportation issues alone, when that problem stretches far beyond tourism. City Council's conversations suggest that if the hotels do not support the trolley financially, then they do not value it, which is not really the case. If the TDC believes the trolley makes a difference, they could consider allocating bed tax dollars to support it, rather than relying solely on hotel sponsorships.

Commissioner Bailey inquired about advertising rates. Ms. Stockel said rates are based on ad placement locations. Sponsors can also buy into a tier that would guarantee a stop outside their business. Ms. Clemann added that the service will have new vehicles next year, which will make boardings easier and feature additional interior spaces for advertising. Commissioner Hirose suggested offering coupons to riders for businesses that sponsor the route. When businesses see the coupons in use, it would serve as a measurement of the trolley's value.

Mr. Geiogamah suggested this item be placed on an upcoming TDC agenda for additional discussion. Chairman Hoffmann stated that transportation in Scottsdale is a huge issue, and the burden of providing in-season transportation should not rest exclusively on the hotels. Paul Katsenes noted that the five-year Tourism Development and Marketing Strategic Plan addresses transportation problems. That plan will be brought before City Council on February 12, in an open work study session.

4. City of Scottsdale Board and Commission Annual Ethics Training Session

Jack Shafer of the City Attorney's Office provided the TDC with their annual ethics training, covering the open meeting laws, conflicts of interest, and gifts.

5. Election of Officers

COMMISSIONER SCHOLEFIELD MOVED TO RE-ELECT COMMISSIONER HOFFMANN AS CHAIRMAN. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). CHAIRMAN HOFFMANN RECUSED HIMSELF.

COMMISSIONER ENDERS MOVED TO RE-ELECT COMMISSIONER GLENN AS VICE-CHAIRWOMAN. COMMISSIONER SCHOLEFIELD SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). VICE-CHAIRWOMAN GLENN RECUSED HERSELF.

6. Tourism Development Commission Annual Report

Mr. Geiogamah said the Tourism Development Commission Annual Report would be forwarded to City Council in February. The report identifies the major topics discussed actions taken, commission attendance, and identifies key issues that the Commission might address in the upcoming year.

COMMISSIONER BAILEY MOVED TO APPROVE THE TOURISM DEVELOPMENT COMMISSION ANNUAL REPORT AS PRESENTED. COMMISSIONER ENDERS SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SEVEN (7) TO ZERO (0).

7. Arizona Super Bowl Host Committee Sponsorship Funding – Super Bowl 2015

Winnie Stolper, Arizona Super Bowl Host Committee, said the Committee is in the early stages of pulling the organization together. The Super Bowl bidding process is extremely competitive and gets costlier every year as more requirements are added. Corporate and government entities indicate that Arizona is ready for another Super Bowl. A successful bid would shine a light on Arizona, draw tourism and convention business, and stimulate economic development. The Committee will work with the SCVB to identify venues in Scottsdale for events and parties. The expansion plans for WestWorld will be aggressively marketed to the NFL. Downtown Phoenix will host the Super Bowl Village because of its proximity to the media. The big complaint last time was the lack of things to do in downtown Phoenix, but that has changed to some extent. Scottsdale is a huge draw for NFL owners, and for private parties.

Commissioner Scholefield inquired about plans to overcome objections to an Arizona bid in light of the S.B. 1070 controversy. Ms. Stolper explained that the Committee is working with the Commerce Authority, Arizona Office of Tourism, area CVBs, and the Greater Phoenix Economic Council (GPEC) on a plan to address that issue.

Ms. Sacco stated that since Prop 200 clearly delineates between funds for marketing, and tourism funds on the City's side of the ledger, the SCVB would prefer that the City's financial contract be with the Super Bowl directly. That way, the SCVB would avoid placing itself in a vulnerable position should a future City Council decide not to continue funding the payment installments. Other than that, the SCVB would still serve as the City's agent to do all the event-related work. In response to an inquiry from Vice-Chairwoman Glenn, Mr. Geiogamah said the City was prepared to proceed either way, however, he noted that the TDC's existing recommendation calls for a contract between the SCVB and the Host Committee.

COMMISSIONER BAILEY MOVED TO RECOMMEND TO CITY COUNCIL THAT FUNDS BE ALLOCATED OVER THE NEXT THREE FISCAL YEARS TO THE ARIZONA SUPER BOWL HOST COMMITTEE, AND THAT THE CITY ENGAGE DIRECTLY IN A CONTRACT WITH THE COMMITTEE, RATHER THAN THROUGH

THE SCVB. VICE-CHAIRWOMAN GLENN SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SEVEN (7) TO ZERO (0).

8. Tourism Development and Marketing Strategic Plan

Valerie LeBlanc provided an update on the Tourism Development and Marketing Strategic Plan. The report will be provided to City Council in a work study session on February 12. The plan includes input from more than 150 people, addressing the tourism industry's assets and issues. Data analyses compare Scottsdale with other markets and prevailing trends. An identity matrix explains what makes tourism sustainable for a community, and why tourism should be taken seriously in terms of a municipality's economic development plans. The plan concludes with recommendations for moving forward. Three strategic planning sessions were used to work out implementation strategies. Mayor Lane and other elected officials were invited to participate in the plan development.

Ms. LeBlanc said strategic planning is critical in an industry like tourism. A major point of the plan is the need for Scottsdale to transition from a resort-oriented focus to a destination-oriented focus. Many of the strategies aim to achieve this goal. Character of place has been lost in some of brand communications, not at the SCVB level, but at the level of thousands of other decision-makers within the tourism industry. Every piece of communication has to be re-imbued with character of place. Resorts are individual accommodations and experiences, not places. Advertising agencies understand how to brand products, not places, which are more complex. Scottsdale has many successful industry professionals, but this can be an obstacle to progress, as it is harder for them to accept new ways of thinking.

Ms. LeBlanc said another key obstacle is the desire among many to keep Scottsdale the same. They must realize this is impossible. If things remain the same, the natural state of affairs will be for Phoenix to absorb Scottsdale into its megalopolis, with little identifiable difference between the two. The notion that an enterprise's self-interest is embedded in the City's success is not prevalent in Scottsdale. Too much pressure has fallen on the City and the SCVB to improve tourism, when many other players should be involved.

Ms. LeBlanc explained that a city needs a center of activity. Scottsdale's downtown has a lot of potential, but also needs serious enhancement if that potential is to be realized. The strategic plan proposes ways to change the investment environment downtown. If Scottsdale took the steps necessary to make downtown the type of vibrant center of activity that many envision it to be, it would possess something that no other community in the Valley has, and few places in the country have. Downtown would become a tremendous asset, offering the qualities that the next generation is looking for in a destination. Scottsdale needs to take a conscious, future-focused, systems-thinking approach to tourism, as an accompaniment to the excellent tactical thinking it already possesses.

Ms. LeBlanc said any other destination with an asset like the McDowell Sonoran Preserve would already have a serious private sector involvement in bringing visitors there for a desert experience, with no need to wait for the public sector to build a facility

like the DDC. She felt the business market would not stabilize to accommodate old lavish spending habits any longer. Character of place will dictate rate premiums. If the community works together to develop a strong character of place, social capital will result, which means lots of people getting involved to do things that help visitors create their own unique experiences. Interpretation of place has to be pervasive. Attracting the next generation will be problematic for Scottsdale, especially if the transportation problem is not addressed.

Ms. Leblanc concluded by saying the strategic plan, if implemented, would create not only a thriving and sustainable industry, but a thriving and sustainable place to live. We do not inherit the earth from our ancestors; we borrow it from our children. This should be viewed as an obligation. Scottsdale has to move away from being a suburb, and towards being a city.

Commissioner Bailey requested a deeper explanation of character of place. Ms. LeBlanc responded that places are too complex to be branded. The Scottsdale Identity Matrix consolidates feedback from participants who expressed the qualities they feel make Scottsdale special. That matrix should be viewed as a living document that can be refined over time. All the great destinations of the world are very clear about what kind of place they are, but that narrative is missing in Scottsdale. The plan does not propose taking away from anything that is already being done, but suggests an additive layer that emphasizes Scottsdale's uniqueness. The international tourism market is increasingly competitive, and destinations must sell their uniqueness. Scottsdale has uniqueness, but this is not being pervasively sold. This aspect is even more important for the next generation, because they are more time deprived, and less sensory aware. Imbuing downtown with a strong character of place will create actual experiences that will attract them.

Commissioner Scholefield queried whether the plan recommends implementation in its entirety, or could the City move forward with just some aspects. Ms. LeBlanc said ideally the City should enact as much as possible, but the effort to develop downtown's identity is crucial. Scottsdale is only ten to 15 years away from being absorbed by the megalopolis, unless it can find a way to distinguish itself. The plan also includes strategies for going after the international market in a sophisticated way.

Commissioner Scholefield noted that transportation is a hot-button issue, and City Council could decide to table the project to avoid controversy. Ms. LeBlanc said Scottsdale cannot afford to wait on transportation. Opportunities exist for entrepreneurial solutions if the public sector does not act. Commissioner Bailey felt education is key to getting people to accept transit. Experience shows that once people learn how a transportation system works and realize how simple it can be, they use it. Ms. LeBlanc said many employers already pay for private transportation to get employees to work. The plan recommends researching the situation to determine whether a coalition of employers could make something happen.

Mr. Geiogamah reported that staff is working to identify ways to implement the plan's recommendations. Paul Katsenes said it is important that the TDC, on February 12, come forward to make industry-related statements about the components of the plan from an informed perspective. If the industry feels strongly about the transportation

issue, they should try to move the discussion forward in a positive way to ensure that it has a future.

In response to an inquiry from Commissioner Bailey, Ms. LeBlanc explained that the plan's transportation vision is multi-faceted. The problem in Scottsdale there has been no effort to link up all the entities that are required to find a solution. The consulting team held many meetings to solicit input for the plan, but apart from the SCVB, which was at every meeting, the tourism industry participated little.

9. Identification of Future Agenda Items

Chairman Hoffmann noted that the February agenda includes items on the hospitality trolley and the Tony Nelssen Center.

Commissioner Enders felt that the entire process of evaluating and funding events should be re-examined and revised as necessary. Mr. Geiogamah said he would provide an update on the Event Program to start the conversation. Chairman Hoffmann suggested that the TDC not discuss the Horses and Horsepower event until March, once the TDC has decided on the best way to approach the entire event process.

10. Public Comment

Ms. LeBlanc stated that the City did a stellar job in supporting the consulting team throughout the process of developing the strategic plan. Scottsdale is a very well run city, with all the tools necessary to handle the next stage of tourism development.

11. Adjournment

The meeting adjourned at 9:54 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.